



APPROVED MINUTES
APPROVED 04-16-12

CITY OF SCOTTSDALE
AUDIT COMMITTEE

MONDAY, MARCH 19, 2012

CITY HALL
KIVA CONFERENCE ROOM
3939 NORTH DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

REGULAR MEETING

PRESENT: Chair Suzanne Klapp
Councilman Robert Littlefield

ABSENT: Vice Mayor Linda Milhaven

STAFF: Janet Cornell, City Court
Judge Joseph Olcavage, City Court
Joyce Gilbride, Finance & Accounting
Kyla Anderson, City Auditor's Office
Sharron Walker, City Auditor's Office

CALL TO ORDER

Chair Klapp called the meeting to order at 4:09 p.m.

A formal roll call confirmed the presence of Committee Members as noted above.

1. Approval of Minutes, Regular Meeting, February 27, 2012

COUNCILMAN LITTLEFIELD MOVED TO APPROVE THE MINUTES OF THE FEBRUARY 27, 2012 REGULAR MEETING. CHAIR KLAPP SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF TWO (2) TO ZERO (0). VICE MAYOR MILHAVEN WAS ABSENT.

2. Discussion and possible direction to staff regarding Audit Report No. 1213, e-Verify Compliance of City Contractors

Ms. Kyla Anderson of the City Auditor's Office reviewed the audit report. From 1,400 vendors, the auditors randomly selected 40 and found that the e-Verify requirements were applicable to 21 of these. They found that in general, contractors are using e-Verify for workers on City contracts. All but one vendor provided the necessary e-Verify documentation. The vendor who did not comply does not have a current contract with the City. That vendor has been suspended by the Purchasing Department for one year.

3. Discussion and possible direction to staff regarding Audit Report No. 1214, Independent Review of Minimum Accounting Standards at the Scottsdale City Court

City Auditor Ms. Sharron Walker explained that all courts in the state have the same review, required by the Administrative Office of Courts. Hence it is in a different format than other audit reports. She discussed the required language regarding usage which appears in the report and confirmed that it is a public record. The auditors found no problems with the procedures being followed.

4. Discussion and possible discussion regarding preliminary FY 2012/13 audit topics

Ms. Walker presented a list of potential audit topics for discussion purposes. Three topics will be carried forward from this year. Additionally, the quarterly audit follow-ups, e-Verify compliance and cash handling are routine topics to be covered each year.

She discussed the criteria used to evaluate which areas to audit. In response to a query from Chair Klapp, she said she has not yet rated the proposed audits. She asked the Committee Members whether they had any suggestions for topics.

Ms. Walker noted that social media is on the preliminary list for the first time. This is a topic municipalities and other levels of government are starting to pay attention to. Chair Klapp inquired whether she has consulted with the IT Department about the risks of hacking and virus attacks through social media. Ms. Walker replied that this list, which has 15 to 20 possible items, is only preliminary brainstorming. Once the list is discussed, they will take the next step of rating the risk factors in order to present the Committee with a ranked list in April or May.

Committee Members had no immediate suggestions for other topics. Ms. Walker invited them to send her any suggestions they may think of later. She agreed to email the list to

the Committee members for ease of editing. Chair Klapp added that we will also have to factor in sunset reviews of three boards and commissions next year.

Chair Klapp asked if last year the cash handling audit specified the areas to be audited. Ms. Walker said that the last time the auditors covered several areas of the City, but unannounced spot checks conducted at intervals throughout the year are most effective.

5. Discussion and Possible Direction to Staff regarding status of FY 2011/2012 Audit Plan

Ms. Walker summarized that for April's meeting, they will discuss the draft audit plan in greater detail. The quarterly audit follow-up status report and the Taxpayer Problem Resolution Officer's report will also be presented.

It appears they will not need to meet in May. In June they expect the CCCH contract compliance and the indirect cost allocation audit reports to be ready. The review of the City Auditor's office by external auditors should also be ready at that time.

6. Discussion and Possible Direction to Staff regarding agenda items for the next Audit Committee meeting (April 16, 2012)

Ms. Walker said as previously mentioned, staff expects to present the TPRO report, the quarterly audit follow-up status report, and the proposed audit plan for the next fiscal year. She also plans to add to this draft agenda discussing the City Auditor's budget and performance measures so the Audit Committee can review it ahead of the Council's budget meetings.

Ms. Walker commented that the Association of Local Government Auditors has model legislation guidelines which recommend topics to be covered in city codes related to the auditing function. She plans to review the City Code in comparison to this to determine whether anything needs to be updated. Should she discover anything, she plans to discuss it at the April meeting.

Public Comment

No members of the public wished to address the Committee.

Adjournment

The meeting adjourned at approximately 4:29 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.